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TESTIMONY OF
Eastern Connecticut Health Network
[Manchester Memorial Hospital & Rockville General Hospital]
SUBMITTED TO THE
HUMAN SERVICES COMMITTEE
Tuesday, March 2, 2010

HB 5328, An Act Implementing SAGA Hospital Rate Increases

Eastern Connecticut Health Network, which includes Manchester Memorial Hospital and Rockville General Hospital, appreciates the opportunity to submit testimony in support of **HB 5328, An Act Implementing SAGA Hospital Rate Increases**.

For the past two years, Connecticut's hospitals lost more than \$300 million per year due to under-reimbursement for Medicaid and SAGA patients. In addition, non-operating (investment) income fell short of what was expected by over \$620 million. These investments traditionally helped nonprofit hospitals to continue providing quality care to all who walk through our doors, regardless of ability to pay, 24 hours a day, seven days a week year round. The magnitude of these losses is unprecedented. Our estimate is that it will take well over a decade to recover what has been lost.

Finally, since the start of the recession, about 100,000 Connecticut residents have lost jobs and employer-paid health insurance coverage, and the Medicaid and SAGA populations have increased by 75,000; combined enrollment in those programs now stands at about 500,000 – a little more than 14 percent of the state population. There is a strong correlation between the health of our communities and the health of their local hospitals. Unfortunately, the economic crisis is ravaging the health of our hospitals.

Currently, SAGA non-hospital providers are paid 100 percent of the Medicaid rate, while hospitals are paid about 43 percent of the Medicaid rate. As of today, the DSS has not taken the administrative steps needed to implement a 1115 waiver for the SAGA program as directed by the legislature and does not plan to do so until July 1, 2011 – a full seven and a half years after first directed by the legislature to do so. The impact of the delay between January 1, 2010, through June 30, 2011, will be a loss of almost \$3 million to Eastern Connecticut Health Network's two hospitals, Manchester Memorial and Rockville General. In a letter dated January 20, 2010, DSS stated that the further delay is due to the uncertainty created by federal healthcare reform.

The biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. This new budget makes it

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clear that DSS will not be implementing existing law in the time frame required. **The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver.** So, let's just start paying hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program.

HB5328 acknowledges that the funding to pay hospitals at the Medicaid rate is already appropriated, and directs DSS to pay hospitals in accordance with that appropriation without a cap. ECHN, along with other hospitals in Connecticut, urge you to pass HB 5328.

Thank you for your consideration of our position.

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Manchester Memorial Hospital | Rockville General Hospital | Women's Center for Wellness | Woodlake at Tolland